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SUBJECT: ARGENTINA: CFK RESUMES TALKS WITH FARMERS

11. (SBU) Summary. President Cristina Fernandez de Kirchner (CFK) and representatives of the four main agricultural associations who have led protests against variable export taxes on agricultural products met on June 23, following 71 days of hostile public exchanges since their last meeting on April 11. Both the Government and the farmers' leaders described the meeting as "positive," but reported no substantive progress on the issues generating the conflict. The Argentine Congress's Deputies Committees on Agriculture and Budget also held their first joint session to debate the issue. Meanwhile, "pro-government" and "pro-farmers" activists have set up competing tents in front of the Congress to keep the pressure on. END SUMMARY.

A "positive" meeting with no tangible outcome

12. (SBU) President Cristina Fernandez de Kirchner and representatives of the main four agricultural associations met on June 23, following 71 days of hostile public exchanges since their last meeting on April 11. In an hour-and-a-half meeting, the President repeated her criticism for the "lockout" that caused severe food shortages and claimed that the agriculture sector still made a larger profit in the first six months of 2008 than it did for the same period last year. The President also scolded the agricultural leaders for their protest methods, asking the leaders "not to bang their pots in front of Olivos" (i.e., the presidential residence) but to "knock on her door to discuss the problems."

13. (SBU) During the meeting, the farm leaders asked the President to suspend controversial variable export taxes pending Congress's review, but they reportedly received a frosty response. CFK indicated that the Congress would debate the matter with the current export tax regime in force and have the final word on the issue. When asked about the necessary debate in Congress, CFK quipped that only the Argentine Civil Code had been voted without debate. (The Argentine Civil Code was passed in 1871. Since then, there have in fact been many laws passed "a libro cerrado" with little debate.)

Committees start looking into the bill

14. (SBU) On June 23, the Argentine Congress's Deputies Committees on Agriculture and Budget held their first joint session to debate the bill introduced by the Executive branch that would ratify Resolution 125 which set up the variable export tax scheme. In a room packed with legislators, farm representatives, advisors, and journalists, the first two-hour session turned into a heated debate over the bill, but did not include alternate bills introduced by opposition

legislators.

The "war of tents"

15. (SBU) Meanwhile, "pro-government" activists erected tents in front of the Congress to influence the debate inside. Buenos Aires City Chief of Cabinet Horacio Rodriguez Larreta stated in a press conference that the activists had not requested the proper permissions to set up the tents, and had not followed the proper safety requirements for their installation. Calls by the Buenos Aires City Government (which is led by conservative Mayor Mauricio Macri) to the Federal Police to remove the tents went unanswered -- not surprising considering that the Federal Police falls under the national government's Ministry of Justice and Security.) "Pro-farmers" activists responded the next day (June 24) by pitching their own tent in front of the Congress, adjacent to their rivals.

COMMENT

16. (SBU) Both sides appeared eager to describe CFK's meeting with the agricultural leaders as "positive" even though no substantive progress towards a negotiated settlement seemed to occur. The fact that the two sides are meeting face-to-face, moreover, is a clear sign of progress. The tone and tenor of CFK's comments, however, indicate that the GOA has no intention of giving any early ground on the variable export tax scheme. It is clear that a resolution acceptable to all sides will require real debate in the Congress and probably some substantive modification to the government's current tax and incentive regimes. Otherwise, the rural protests could resume. END COMMENT.

KELLY